

**CHILDREN, INCORPORATED**

**North Chesterfield, Virginia**

**FINANCIAL REPORT**

**JUNE 30, 2018**

## CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 and 2
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position	3
Statements of activities	4 and 5
Statements of functional expenses	6 and 7
Statements of cash flows	8
Notes to financial statements	9-15

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Children, Incorporated  
North Chesterfield, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of Children, Incorporated (“the Organization”) which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children, Incorporated as of June 30, 2018 and 2017, and the changes in net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Yount, Hyde & Barbour, P.C.*

Richmond, Virginia  
November 5, 2018

## CHILDREN, INCORPORATED

### Statements of Financial Position

June 30, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash	\$ 2,567,544	\$ 2,471,816
Accounts receivable	49,516	5,545
Prepaid expenses	3,183	10,998
Investments	2,436,863	2,491,415
Beneficial interests in charitable remainder annuity trusts	1,124,443	1,061,879
Property and equipment, net	<u>804,372</u>	<u>834,497</u>
Total assets	<u>\$ 6,985,921</u>	<u>\$ 6,876,150</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 321,181	\$ 288,893
Accrued vacation	10,570	10,436
Other payroll liabilities	<u>9,729</u>	<u>17,241</u>
	<u>\$ 341,480</u>	<u>\$ 316,570</u>
 <b>Net Assets</b>		
Unrestricted	\$ 4,584,892	\$ 4,087,048
Temporarily restricted	1,487,202	1,900,185
Permanently restricted	<u>572,347</u>	<u>572,347</u>
	<u>\$ 6,644,441</u>	<u>\$ 6,559,580</u>
Total liabilities and net assets	<u>\$ 6,985,921</u>	<u>\$ 6,876,150</u>

See Notes to Financial Statements.

**CHILDREN, INCORPORATED**

**Statement of Activities**  
Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, support and other changes in net assets:</b>				
Contributions	\$ 3,339,516	\$ 279,252	\$ --	\$ 3,618,768
Investment income	32,963	--	--	32,963
Gain on marketable securities	8,864	--	--	8,864
Change in value of beneficial interests in charitable remainder annuity trusts	--	62,564	--	62,564
Total revenues	<u>\$ 3,381,343</u>	<u>\$ 341,816</u>	<u>\$ --</u>	<u>\$ 3,723,159</u>
Net assets released from restrictions	754,799	(754,799)	--	--
Total revenues, support and other changes	<u>\$ 4,136,142</u>	<u>\$ (412,983)</u>	<u>\$ --</u>	<u>\$ 3,723,159</u>
<b>Expenses</b>				
Program services	\$ 3,092,600	\$ --	\$ --	\$ 3,092,600
Administration	212,058	--	--	212,058
Fundraising	333,640	--	--	333,640
Total expenses	<u>\$ 3,638,298</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,638,298</u>
Change in net assets	\$ 497,844	\$ (412,983)	\$ --	\$ 84,861
<b>Net assets, beginning of year</b>	<u>4,087,048</u>	<u>1,900,185</u>	<u>572,347</u>	<u>6,559,580</u>
<b>Net assets, end of year</b>	<u>\$ 4,584,892</u>	<u>\$ 1,487,202</u>	<u>\$ 572,347</u>	<u>\$ 6,644,441</u>

See Notes to Financial Statements.

**CHILDREN, INCORPORATED**

**Statement of Activities**  
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, support and other changes in net assets:</b>				
Contributions	\$ 2,680,527	\$ 671,037	\$ --	\$ 3,351,564
(Loss) on disposal of fixed assets	(2,500)	--	--	(2,500)
Investment income	15,255	--	--	15,255
Gain on marketable securities	43,788	--	--	43,788
Change in value of beneficial interests in charitable remainder annuity trusts	--	79,111	--	79,111
Change in valuation allowance	212,621	--	--	212,621
Total revenues	<u>\$ 2,949,691</u>	<u>\$ 750,148</u>	<u>\$ --</u>	<u>\$ 3,699,839</u>
Net assets released from restrictions	692,951	(692,951)	--	--
Total revenues, support and other changes	<u>\$ 3,642,642</u>	<u>\$ 57,197</u>	<u>\$ --</u>	<u>\$ 3,699,839</u>
<b>Expenses</b>				
Program services	\$ 3,262,166	\$ --	\$ --	\$ 3,262,166
Administration	229,870	--	--	229,870
Fundraising	324,883	--	--	324,883
Total expenses	<u>\$ 3,816,918</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,816,918</u>
Change in net assets	\$ (174,276)	\$ 57,197	\$ --	\$ (117,079)
<b>Net assets, beginning of year</b>	<u>4,261,324</u>	<u>1,842,988</u>	<u>572,347</u>	<u>6,676,659</u>
<b>Net assets, end of year</b>	<u>\$ 4,087,048</u>	<u>\$ 1,900,185</u>	<u>\$ 572,347</u>	<u>\$ 6,559,580</u>

See Notes to Financial Statements.

**CHILDREN, INCORPORATED**

**Statement of Functional Expenses**  
Year Ended June 30, 2018

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 534,460	\$ 92,133	\$ 85,195	\$ 711,788
Employee benefits	59,601	10,274	9,501	79,376
Payroll taxes	<u>39,881</u>	<u>6,875</u>	<u>6,357</u>	<u>53,113</u>
	\$ 633,942	\$ 109,282	\$ 101,053	\$ 844,277
Advertising and promotion	--	--	206,211	206,211
Bank and credit card fees	21,013	24,981	6,245	52,239
Depreciation	114,737	30,596	7,649	152,982
General insurance	13,160	3,509	877	17,546
Office expenses	52,436	13,983	3,496	69,915
Professional fees	26,495	7,065	1,766	35,326
Rent	5,985	1,596	399	7,980
Repairs and maintenance	1,209	323	81	1,613
Supplies and services for impoveryished children	2,132,956	--	--	2,132,956
Software expense	32,980	8,795	2,199	43,974
Travel	23,187	2,728	1,364	27,279
Other	20,583	5,489	1,372	27,444
Utilities	<u>13,917</u>	<u>3,711</u>	<u>928</u>	<u>18,556</u>
	<u>\$ 3,092,600</u>	<u>\$ 212,058</u>	<u>\$ 333,640</u>	<u>\$ 3,638,298</u>

See Notes to Financial Statements.



**CHILDREN, INCORPORATED**

**Statement of Functional Expenses**

Year Ended June 30, 2017

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 497,655	\$ 94,289	\$ 85,745	\$ 677,688
Employee benefits	63,436	12,019	10,930	86,385
Payroll taxes	36,745	6,962	6,331	50,038
	<u>\$ 597,836</u>	<u>\$ 113,270</u>	<u>\$ 103,006</u>	<u>\$ 814,111</u>
Advertising and promotion	--	--	192,092	192,092
Bank and credit card fees	10,973	33,131	8,283	52,387
Depreciation	104,536	27,876	6,969	139,381
General insurance	12,606	3,362	840	16,808
Office expenses	42,526	11,340	2,835	56,701
Professional fees	53,469	14,258	3,565	71,292
Rent	8,006	2,135	534	10,675
Repairs and maintenance	1,620	432	108	2,160
Supplies and services for impoverished children	2,328,301	--	--	2,328,301
Software expense	57,044	15,212	3,803	76,058
Travel	21,553	2,536	1,268	25,357
Other	14,857	3,962	990	19,809
Utilities	8,840	2,357	589	11,786
	<u>\$ 3,262,166</u>	<u>\$ 229,870</u>	<u>\$ 324,883</u>	<u>\$ 3,816,918</u>

See Notes to Financial Statements.

**CHILDREN, INCORPORATED**

**Statements of Cash Flows**  
Years Ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 84,861	\$ (117,079)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	152,982	139,381
Loss on disposal of fixed assets	--	2,500
Realized (gain) on sale of marketable securities	(33,232)	(16,893)
Unrealized loss (gain) on marketable securities	24,368	(26,895)
Change in value of beneficial interests in charitable remainder annuity trusts	(62,564)	(79,111)
Change in assets and liabilities:		
(Increase) in accounts receivable	(43,971)	(5,030)
Decrease (increase) in prepaid expenses	7,815	(4,320)
Increase in accounts payable	32,288	75,414
Increase (decrease) in accrued vacation	134	(1,109)
(Decrease) increase in other payroll liabilities	(7,512)	10,821
Net cash provided by (used in) operating activities	\$ 155,169	\$ (22,321)
 <b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	\$ (122,857)	\$ (77,642)
Proceeds from sales of marketable securities	234,312	166,738
Purchases of marketable securities	(170,896)	(182,994)
Net cash (used in) investing activities	\$ (59,441)	\$ (93,898)
 Net increase (decrease) in cash	\$ 95,728	\$ (116,219)
 <b>Cash</b>		
Beginning	2,471,816	2,588,035
Ending	\$ 2,567,544	\$ 2,471,816

See Notes to Financial Statements.

## CHILDREN, INCORPORATED

### Notes to Financial Statements

#### Note 1. Nature of Operations

Children, Incorporated is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its program services consist of arranging and providing funding for supplies and services to meet the basic and educational needs of approximately 20,000 impoverished children in 300 locations, approximately half in the United States and half in other countries.

Program services are provided entirely by volunteers at each location. Funding for supplies and services for impoverished children is transferred from the Richmond office to various organizations that distribute the supplies and services to the children. The volunteers of the organizations decide on the supplies and services needed, arrange for them to be provided, and administer disbursements of the funds. The volunteer staff members are required to retain documentation of the disbursements and provide periodic reports to the paid staff members. Volunteer staff members are periodically visited at their locations by paid staff members.

A summary of program services by location for the years ended June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Program services provided outside the		
United States of America:		
Central America and the Caribbean	\$ 291,967	\$ 314,816
East Asia and the Pacific	87,194	91,545
North America	24,624	30,785
South America	405,520	506,277
South Asia	222,148	230,878
SubSahara Africa	<u>139,761</u>	<u>145,353</u>
	\$ 1,171,214	\$ 1,319,654
Program services provided in the		
United States of America	<u>961,742</u>	<u>1,008,647</u>
	<u>\$ 2,132,956</u>	<u>\$ 2,328,301</u>

## Notes to Financial Statements

### Note 2. Significant Accounting Policies

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### Contributions

Children, Incorporated reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Cash and Cash Equivalents

For purposes of reporting cash flows, Children, Incorporated includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position.

#### Investments

Children, Incorporated records investments in equity securities at readily determinable fair values and all investments in debt securities are measured at fair market value.

#### Property, Equipment, and Depreciation

All purchases of property and equipment have been recorded at cost. Depreciation is determined by the straight-line method over the estimated useful lives of the related assets. Depreciation expense for the years ended June 30, 2018 and 2017 was \$152,982 and \$139,381, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Notes to Financial Statements

### Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash. The Organization has cash deposits in financial institutions that may at times exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with these accounts.

### Fair Value of Financial Instruments

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the fiscal years ended June 30, 2018 and 2017, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

#### *Investments*

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

## Notes to Financial Statements

The carrying amounts of the Organization's financial instruments not described above arise in the ordinary course of business and approximate fair value.

### New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or a part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and lease liability at the present value of remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU 2016-02 is effective for the Organization in fiscal year 2021. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption Topic 842 will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two classes of net assets, which are based on the existence or absence of donor-implied restrictions. ASU 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU 2016-14 is effective for the Organization in fiscal year 2019. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative transition method. In August 2015, the FASB issued No. 2015-14 which defers the effective date of ASU No. 2014-09 one year making it effective for the Organization in fiscal year 2020. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

## Notes to Financial Statements

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), which clarifies the scope and the accounting guidance for contributions received and contributions made. Specifically, the update assists entities in determining whether a transaction should be accounted for as a contribution or an exchange transaction. If a transaction is accounted for as an exchange transaction, other accounting guidance, for example, in Topic 606, Revenue from Contracts with Customers, should be followed. If, however, a transaction is accounted for as a contribution, guidance in Subtopic 958-605 should be followed. Additionally, the update assists entities in determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received by the Organization for the fiscal year 2020. ASU 2018-08 is effective for contributions made, if applicable, by the Organization for the fiscal year 2021. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of Topic 958 will have on its financial statements.

### Note 3. Investments

Long-term investments as of June 30, 2018 and 2017 were as follows:

	2018		
	Cost	Market Value	Unrealized Gain
Money market account	\$ 961,136	\$ 961,136	\$ --
Mutual funds	<u>1,393,430</u>	<u>1,475,727</u>	<u>82,297</u>
	<u>\$ 2,354,566</u>	<u>\$ 2,436,863</u>	<u>\$ 82,297</u>
	2017		
	Cost	Market Value	Unrealized Gain
Money market account	\$ 1,321,755	\$ 1,321,755	\$ --
Mutual funds	<u>1,062,995</u>	<u>1,169,660</u>	<u>106,665</u>
	<u>\$ 2,384,750</u>	<u>\$ 2,491,415</u>	<u>\$ 106,665</u>

## Notes to Financial Statements

### Note 4. Fair Value Measurements

Children, Incorporated has two portfolios of marketable securities, all of which are maintained by Wells Fargo. The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2018 and 2017:

	Balance as of June 30, 2018	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Money market account	\$ 961,136	\$ 961,136	\$ --	\$ --
Mutual funds	<u>1,475,727</u>	<u>1,475,727</u>	<u>--</u>	<u>--</u>
	<u>\$ 2,436,863</u>	<u>\$ 2,436,863</u>	<u>\$ --</u>	<u>\$ --</u>

  

	Balance as of June 30, 2017	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Money market account	\$ 1,321,755	\$ 1,321,755	\$ --	\$ --
Mutual funds	<u>1,169,660</u>	<u>1,169,660</u>	<u>--</u>	<u>--</u>
	<u>\$ 2,491,415</u>	<u>\$ 2,491,415</u>	<u>\$ --</u>	<u>\$ --</u>

### Note 5. Beneficial Interests in Charitable Remainder Annuity Trusts

The Organization is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable. In the absence of donor-imposed conditions, the Organization recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

In addition, the Organization is a beneficiary of two charitable remainder annuity trusts, for which the Organization will receive 30% and 2.2%, respectively, upon the final termination of the trusts. At that time the final market value of the trusts will be distributed to the Organization. The value of the Organization's portion of the charitable remainder annuity trusts is \$1,124,443 and \$1,061,879, at June 30, 2018 and 2017, respectively.

### Note 6. Property and Equipment

At June 30, 2018 and 2017, property and equipment consisted of the following:

	2018	2017
Property and equipment	\$ 1,334,186	\$ 1,212,274
Accumulated depreciation	<u>(529,814)</u>	<u>(377,777)</u>
	<u>\$ 804,372</u>	<u>\$ 834,497</u>



## Notes to Financial Statements

### Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of June 30, 2018 and 2017:

	2018	2017 (Restated)
Child Sponsorships with terms expiring subsequent to year-end	\$ 362,759	\$ 838,306
Time-restricted beneficial interests in charitable remainder annuity trusts	1,124,443	1,061,879
	\$ 1,487,202	\$ 1,900,185

Temporarily restricted net assets released to expenses after satisfying restricted purposes during the years ended June 30, 2018 and 2017:

	2018	2017
Child Sponsorships with terms that have expired within the current year	\$ 754,799	\$ 692,951

### Note 8. Permanently Restricted Net Assets

Three contributions made in prior years established permanent endowments: \$100,000 in December 1999; \$119,788 in July 2010; and \$352,559 in January 2012. Correspondence from the donors required Children, Incorporated to establish permanent endowments and use the investment earnings to provide funding for supplies and services for impoverished children.

### Note 9. Donated Works of Art

During the year ended June 30, 2016, the Organization received contributions of certain artwork and coins in the form of a donation. The Organization intends to sell the artwork and coins at a future date and use the proceeds to further its mission. For the year ended June 30, 2017, three of the items were sold. The estimated value of the items totaled \$14,868 as of June 30, 2018 and 2017 respectively. Due to the potential change and uncertainty in the value of the items, the Organization has recorded a valuation allowance to cover the total value of the items. Consequently, the contributed artwork and coins are reflected in the accompanying statements of financial position with a balance of \$0 as of June 30, 2018 and 2017.

### Note 10. Subsequent Events

Children, Incorporated has evaluated all subsequent events through November 5, 2018, the date the financial statements were available to be issued. Children, Incorporated has determined there are no subsequent events that require recognition or disclosure.